

STAND. COM. REP. NO.

1120

Honolulu, Hawaii

APR 08 2011

RE: H.B. No. 1270
H.D. 1
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1270, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Department of Taxation to evaluate certain tax credits, exclusions, and exemptions and report to the Legislature.

Furthermore, this measure schedules the repeal of certain tax credits, exclusions, and exemptions.

Your Committee received comments in support of this measure from Frederick D. Pablo, Director, Department of Taxation.

Your Committee received comments in opposition to this measure from Richard C. Lim, Interim Director, Department of Business, Economic Development, and Tourism; Karen Seddon, Executive Director, Hawaii Housing Finance and Development Corporation, Department of Business, Economic Development, and Tourism; Timothy E. Steinberger, Director, City and County of Honolulu, Department of Environmental Services; Eugene K. Jimenez, Housing Director, Kauai County Housing Agency; Rick Keene, Executive Vice President and Chief Financial Officer, The Queen's Medical Center; Tim Lyons, Legislative Chairman, Aloha Society of Association Executives; Tim Lyons, Legislative Liaison, The Legislative Center; David M. Nakamura, Executive Director, The

HB1270 SD1 SSCR LRB 11-3114.doc



Mutual Housing Association of Hawaii; Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii; Steve Colon, President, Hunt Development Corp; Charles Ota, Vice President, Military Affairs, The Chamber of Commerce of Hawaii; Nathaniel Kinney, Director of Organizing and Business Development, International Union of Painters and Allied Trades, District Council 50; Carol Pregill, President, Retail Merchants of Hawaii; Rev. Alan Mark, State President, Faith Action for Community Equity; Claire Ridding-Johnston, Project Director, Island Palm Communities; Jerry Schmitz, Project Director, Hickam Communities; Charles E. Spiegel, Managing Director/Owner, Protech Roofing, LLC; Kevin R. Carney, Vice President, Hawaii, EAH Housing; Oren Chikamoto, American Fraternal Alliance; Oren Chikamoto, American Council of Life Insurers; Joel K. Matsunaga, Chief Operating Officer and Executive Vice President, Hawaii Bioenergy, LLC; Douglas M. Goto, Executive Vice President, Pacific Guardian Life; Joseph J. Annotti, President and Chief Executive Officer, American Fraternal Alliance; Brenda Ching, Chair, Hawaii Film and Entertainment Board; Hawaii Carpenters Union; Inter-Island Solar Supply; Craig Hirai, Chair, Hawaii Association of Realtors; Iain S. Wood, President, Ship Repair Association of Hawaii; Lon K. Okada, Hawaiian Electric Industries, Inc.; Gary M. Slovin, Covanta Energy Corporation; Gary M. Slovin/Mihoko E. Ito, Wyndham Worldwide; Stacey Katakura White, Chief Financial Officer, ForestCity Hawaii; Stanford S. Carr, President, Stanford Carr Development, LLC; Makani Maeva, Director, Vitus; Healthcare Association of Hawaii; Henry Fordham, Acting Business Representative, IATSE Local 665; and twenty-eight individuals.

Your Committee received comments on this measure from the Tax Foundation of Hawaii; Stefanie Sakamoto, Hawaii Credit Union League; Brad L. Hewitt, Thrivent Financial for Lutherans; and Carl A. Anderson, Supreme Knight, Knights of Columbus.

Your Committee finds that there is presently little or no legislative oversight with regard to the tax credits, exemptions, and exclusions granted under state law to certain segments of the community. Your Committee further finds that the need for statistical information regarding these tax credits, exemptions, and exclusions is clear, especially the ones relating to business and economic development.

Your Committee has amended this measure as follows:



- (1) Requiring taxpayers to submit the statistical reports regarding certain tax credits, exclusions, and exemptions to the Department of Taxation independently of their claims or returns;
- (2) Requiring the Department of Taxation to review and study the list of tax credits, exclusions, and exemptions instead of providing for their scheduled repeal;
- (3) Adding and deleting certain tax credits, exclusions, and exemptions to and from the list; and
- (4) Changing the effective date to July 1, 2050, in order to facilitate continued discussion of the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1270, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1270, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1270, HD1	WAM	3-28-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
FUKUNAGA, Carol				✓
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	12	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes